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SIPDIS  
SENSITIVE  
SBU DELIBERATIVE PROCESS  
DEPT FOR SCA, DRL, PRM, AND G/TIP  
DEPT PASS TO DEPT OF LABOR WASHINGTON DC

E.O. 12958: N/A

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SUBJECT: UZBEKISTAN: NEW STUDY ON LABOR MIGRATION

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¶1. (SBU) Summary: In December, the United Nations Development Program's (UNDP) office in Tashkent published a new study on labor migration from Uzbekistan based on surveys conducted in 2006 and ¶2007. While the study does not reflect the impact of the current financial crisis upon labor migration, it nevertheless provides an important historical overview of the phenomenon and the factors that drove it. For many years, labor migration served as a social safety valve for the country, enabling the Uzbek government to export its excess labor (mainly unemployed young men) to its northern neighbors. Many Uzbek families also became dependent on remittances sent from their relatives abroad. With the recent cooling of the Russian and Kazakh economies due to the financial crisis and drop in energy prices, some observers fear that this social safety valve may now be closing (reftel). Uzbek families who currently depend on remittances will be hit hard, and the countryside may see an increase in the number of unemployed, economically disfranchised young men, whose numbers might be further swelled by the government's recent agricultural reforms. End summary.

LABOR MIGRATION: WHY HAVE ALL THE UZBEKS GONE?

¶2. (U) Labor migration from Uzbekistan is both a product of the country's growing population and the government's sluggish economic reforms since independence, which have failed to provide adequately-paying employment for the country's relatively young population (nearly a third of Uzbeks are currently under 18 year of age). While Uzbekistan suffered less of an economic depression immediately after independence than other post-Soviet countries, its economy has since grown much slower than the economies of its northern neighbors, Kazakhstan and Russia, which, until recently, were buoyed by high energy prices. To find work with adequate salaries, many Uzbeks have little choice but to head north each year.

¶3. (U) The economic pressures on ordinary Uzbeks has continued to grow year by year. Official government statistics show that the daily per capita income in Uzbekistan averages only around 1.40 dollars. According to the World Bank, approximately 75 percent of the population lives below the poverty line, defined as earnings less than 2.15 dollars per day, while 25.8 percent of Uzbeks earn less than 110 dollars per day. At the same time, the cost of living in Uzbekistan has grown steadily at 25 to 30 percent over the last five years. While government figures show relatively low levels of unemployment (less than one percent), these figures hide the fact that many jobs in Uzbekistan are poorly paid, especially in rural areas. Uzbek families tend to be large, and many adults support multiple dependents, including children and elderly parents.

¶4. (U) Opportunities for legal migration exist and are increasing as the Uzbek government signs additional labor treaties with third countries. For example, Uzbekistan signed labor agreements with Poland and Oman in 2008 and with Russia in 2007. However, opportunities for Uzbeks to find legal employment abroad remain limited, and the number of legal migrants is still dwarfed by the numbers of migrants who work illegally in third countries.

A SHORT HISTORY OF LABOR MIGRATION FROM UZBEKISTAN

¶5. (U) There are no official statistics, but according to the World

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Bank, the number of migrants from Uzbekistan seeking permanent or temporary labor abroad may be as high as 3 million. The boom in Uzbek labor migration abroad started roughly in 2000, when the economies of Russia and Kazakhstan began to stabilize as the result of rising energy prices. By 2008 the number of destination countries for Uzbek labor migrants (both legal and illegal) had expanded, and now include not only former Soviet states, but also the European Union (Poland, the Netherlands, Germany, and Spain); the Middle East (UAE; Turkey); and Asia (Korea, Thailand). However, Russia and Kazakhstan remain the primary destination for the vast majority of Uzbek labor migrants. Remittances from Uzbek labor migrants abroad have grown sharply over the last five years,

though data is scarce. According to the World Bank estimates, remittances from labor migrants abroad contribute roughly 9 percent of GDP, though some observers argue that the real volume might be twice as high.

¶6. (U) Much labor migration from Uzbekistan is seasonal, with many workers leaving for Kazakhstan and Russia in the spring and summer each year and then returning to Uzbekistan in the winter. However, the last few years reportedly have seen an increase in the number of Uzbek labor migrants who have settled permanently abroad.

¶7. (U) Due to the recent worldwide financial crisis, drop in energy prices, and subsequent cooling of the Russian and Kazakh economies, many Uzbek labor migrants appear to have been laid off and have returned home. While Uzbek labor migrants, especially those working in construction, traditionally head back to their families in the winter, anecdotal evidence suggests that fewer Uzbek laborers will head abroad again next year.

#### NEW UNDP LABOR MIGRATION STUDY

¶8. (U) In December, UNDP and the Gender Program of the Swiss Embassy in Uzbekistan issued a new Russian-language study, "Labor Migration in the Republic of Uzbekistan: Social, Legal and Gender aspects," based on sociological surveys conducted with Uzbek labor migrants in 2006-2007. As the research was conducted before the current financial crisis, its findings do not necessarily reflect the current situation. Nevertheless, the report provides an important historic overview of labor migration from Uzbekistan and the factors that drove it.

#### STUDY FINDS MANY UZBEK FAMILIES DEPENDENT ON REMITTANCES

¶9. (U) The report offers some startling statistics. According to survey data, about 30 percent of Uzbeks have considered seeking employment abroad at some point, while 30 to 40 percent of Uzbek families have at least one relative working abroad at any one time. 54 percent of labor migrants reported supporting three or more dependants, while only 13 percent of the migrants stated that they were working primarily "for themselves." The majority of migrants have between 2 and 5 dependants. Most male labor migrants explained that they had made the decision to work abroad in consultation with their families. Many men working abroad reported that they were saving money for a daughter's wedding, for a son's education, or to buy or expand a home. Migrants observed that it is possible to find work in Uzbekistan, but such work did not pay enough for workers to accrue significant savings.

¶10. (U) The study found that the income of Uzbek families with  
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relatives working abroad was about 5 to 10 times higher than the incomes of other families. Uzbek labor migrants abroad reportedly earn on average about 300 to 400 dollars a month. In contrast, the same laborers could hope to earn a maximum of about 115 dollars per month in Uzbekistan. Migrants reported sending about half of their earnings back to Uzbekistan as remittances. The study also found that a significant portion of labor migrants were well-educated. As many as one-third of migrants have a university degree, while nearly two-thirds of them have completed either secondary or vocational school.

#### MOST EXTERNAL LABOR MIGRANTS HEAD TO RUSSIA

¶11. (U) According to the study, a majority of labor migrants from Uzbekistan head to Russia, while most of the remainder headed to Kazakhstan. Male Uzbek migrants mainly work in construction or the retail trade and agriculture sectors. Uzbek labor migrants do not need visas to enter Russia or Kazakhstan. In addition, the study found that labor migration in the post-Soviet sphere is facilitated by close family and cultural ties between citizens of the former Soviet states (which, roughly 20 years ago, were part of the same country), common systems of transport and communications, similar education systems, and the use of Russian as a lingua franca.

#### SOME UZBEK MIGRANTS DON'T SEEK TO RETURN

¶12. (U) A majority of the Uzbek migrants surveyed reported working abroad for at least 3 years, while a few migrants reported working abroad for as long as 15 years. Less than 8 percent of respondents said that they planned to permanently return home within six months. 23 percent of migrants stated that they had not been home in the last 18 months, with in some cases had led to the rupture of familial bonds. 28 percent of those interviewed reported they had no plans to return to Uzbekistan under any circumstances. Many of those migrants had brought their families abroad with them or had started new families abroad (some Uzbek migrants allegedly maintain two families: one in Uzbekistan and the other where they work). Many of these migrants have applied for permanent residency and citizenship abroad, which, in recent years, has become easier to obtain in Kazakhstan and Russia.

## INTERNAL LABOR MIGRATION

13. (U) The report also surveyed internal labor migrants. Many external labor migrants first migrated internally to obtain work experience and collect enough money to travel abroad. Most internal immigrants come from rural regions, and almost 80 percent of internal migrants head to Tashkent. Many internal labor migrants are unable to find permanent work, and instead look for short-term employment at local informal job markets (called "mardikors"). Internal labor migrants reported earning an average of about 85 dollars a month. Internal labor migrants tend to be less educated than external labor migrants. Nearly 90 percent of internal migrants lacked official registration where they worked (Uzbek law requires citizens to be legally registered where they reside). Some external labor migrants explained that one of the reasons they decided to leave Uzbekistan was the difficulty of obtaining legal registration in Tashkent.

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## WOMEN MAKE UP NEARLY A QUARTER OF LABOR MIGRANTS

14. (U) Surprisingly, the study found that 23.2 percent of external and internal migrant workers were women. In contrast to men, most female Uzbek migrants made the decision to leave home on their own, and nearly half of them were single. Women with children who migrated came home more often than men with children, but their absences were more disruptive for their families. Female migrants largely worked as domestic servants or in the agriculture and food processing sectors. Women migrants tended to be paid 30 percent less than men. 1.3 percent of women migrants surveyed reported engaging in prostitution. Almost a third of female migrants interviewed explained that they had no intention to return home, mainly because Uzbek society and their families tend to look down upon them.

## MIGRANTS FACE DIFFICULT CONDITIONS, HARRASSMENT

15. (U) As has been reported by other sources, the study found that Uzbek labor migrants in third countries routinely encountered difficulties with legal registration, finding adequate housing, and police harassment. Compared to legal migrants, illegal Uzbek migrants are much more likely to be harassed by police and lack adequate housing. On average, illegal external migrants reported working almost 10 hour a day (though some reported working as much as 18 hours a day) for 6 days a week. Employers often provided them with food and accommodation, sometimes free of charge, but it was usually of poor quality. Illegal labor migrants were frequently cheated by employers and were not paid or paid less than promised. In some circumstances, illegal migrants became trafficking victims and were forced to work basically as slaves for their employers. As victims were illegal migrants, they had few opportunities to appeal for aid from host country authorities. Despite these problems, many migrants said that they preferred not to sign official contracts in order to avoid payments of registration fees and taxes.

## RUSSIA MAY SEEK TO REDUCE INFLOW OF LABOR MIGRANTS

16. (U) Russia currently accepts the second largest number of labor migrants in the world after the United States. Foreign workers are estimated to contribute between 7 to 10 percent of the country's gross national product. Meanwhile, remittances from Russia are the second largest source of external financing for many post-Soviet republics. Before 2007, the legalization procedure for foreign labor migrants in Russia was extremely difficult and migrants routinely paid bribes to Russian law enforcement officials. In 2007, Russia simplified its migration legislation, which resulted in a significant increase in the percentage of registered migrants. Labor migrants in Russia are now issued "labor migration" cards, which enable them to switch employers, thus making them less vulnerable to unscrupulous employers who may attempt to seize their legal documents. In 2007, Russia also signed a labor agreement with Uzbekistan, allowing over a thousand Uzbeks to find legal employment in Russia by September 2008 (although this still only represents a small fraction of the total number of Uzbeks working in Russia).

17. (U) However, the recent financial crisis and decline in energy prices has hit the Russian economy hard. According to some experts, about 4 million foreign labor migrants in Russia may lose

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their jobs. Russia also cut its quota of work permits for foreign workers, which stood at 3.4 million in 2008, by half in December.

## GREATER NUMBER OF MIGRANTS RETURNING TO UZBEKISTAN

18. (U) As many Uzbek labor migrants typically return home to Uzbekistan in winter, it is difficult to gauge yet whether the

majority of migrants returning home now plan to stay in Uzbekistan next year or will attempt to seek work abroad again. However, anecdotal evidence suggests that greater number of Uzbek migrants have been laid off in Kazakhstan and Russia than in previous years. For example, in December, an independent website reported that an average of six to eight thousand Uzbek labor migrants were returning home each day from Kazakhstan and Russia, an apparent increase over previous years.

#### AGRICULTURAL REFORM INCREASES RANKS OF THE UNEMPLOYED

19. (SBU) At the same time that fewer Uzbek labor migrants may be able to find work abroad, the Uzbek government is pursuing agricultural reforms which may further increase the ranks of the unemployed. In November, the Uzbek government issued a decree calling for the country's small farms to be amalgamated into larger farms. Knowledgeable observers observed that provincial authorities in several regions of Uzbekistan are already using various mechanisms to take farmland away from small landholders (Note: Farmers do not own land in Uzbekistan, but lease it from the government for long periods of time. End Note.) Authorities are reportedly seizing land from small farmers for failing to meet state quotas for cotton and wheat, falling into debt, or for lacking sufficient expertise in agriculture. Knowledgeable observers report that while some land seized from farmers is being given to wealthier farmers with political connections, farmland is also being given to the most productive farmers or those with significant agricultural experience.

20. (SBU) While the government's reforms are aimed at increasing the agricultural sector's efficiency and productivity, they will also likely lead to an increase in the unemployed. There are no firm estimates of the number of individual who have already been deprived of their farmland or how many more individual may lose their land next year. In previous years, these now landless laborers might be expected to head abroad for work (in fact, many current labor migrants are reportedly persons who became unemployed after the privatization of collective farms several years ago.) However, now that migrant laborers have fewer opportunities abroad, it is unclear what these landless individuals will do to support themselves and their families.

#### COMMENT

21. (SBU) While UNDP's survey does not reflect the impact of the current global financial crisis on labor migration from Uzbekistan; it nevertheless provides a useful historical overview of the phenomenon and the factors which drove it. For many years, labor migration from Uzbekistan has served as a convenient social safety valve for the Uzbek government, which exported much of its excess labor to its neighbors. However, that safety valve may now be closing. While many Uzbek migrants traditionally return home in

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the winter, anecdotal evidence suggests that many Uzbek labor migrants now face diminished job prospects abroad and may choose to stay in Uzbekistan next year. Any loss of remittances from abroad will hit Uzbek families hard, many of whom are already struggling with rising staple prices. An increase in the number of young, unemployed males in rural regions - whose numbers may be further swelled by the government's recent agricultural reforms - could lead to social unrest and rising crime rates. While Uzbekistan remains stable and the situation is still far from a ticking time bomb, any increase in rural unemployment may eventually impact the country's long-term stability.

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